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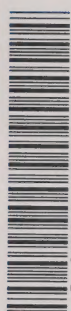
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# Getting More for Consulting Dollars

A Guide for Municipalities in Ontario



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A Guide for Municipalities in Ontario



Advisory Services Branch  
Local Government Division

Ministry of Treasury,  
Economics and  
Intergovernmental  
Affairs

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# Preface

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This is one of a series of management advisory publications being issued by the Local Government Division of the Ministry of Treasury, Economics and Intergovernmental Affairs. These publications are intended to assist municipalities and other local authorities in Ontario in developing and maintaining management practices that are best suited to meeting their respective needs.

*Getting More for Consulting Dollars* is being issued in response to a heavy demand from representatives of local government for guidelines in using consultants.

Dennis F. Steen, a local-government adviser in the Advisory Services Branch, was responsible for the development of these guidelines. A project team comprising members of the staffs of the five Regional Offices of the Ministry assisted him in carrying out the research phase of the project and Murray D. Lawson, a section manager in the Advisory Services Branch while the project was under way, gave valuable advice on the content and form of this publication.

Many members of the staffs of municipalities and local boards and many other people in private and public agencies gave generously of their time and freely of their comments in surveys and personal interviews, in volunteering suggestions, and in reviewing the work as it progressed. It is they who contributed the substance of these guidelines. The Local Government Division appreciates their help in the development of this publication.

February, 1977.





# I. Introduction

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## 1. The Purpose of This Publication

This publication is an attempt to look at the many aspects of the process of selecting and using consultants as it applies to local government in Ontario, to discuss some of the elements that should be considered at each stage of the process, and to suggest guidelines wherever possible to assist all concerned to do a better job.

In talking to many people involved in the process, and from responses to the Provincial survey, one problem was almost completely universal — virtually all agreed that there was a lack of understanding by municipal people of the consulting process and that guidance in the form of information should be collected and made available to those who need it. This publication is intended to meet that need.

Nowhere here will any evaluation be made as to whether a method is “right” or “wrong” for any particular group or type of job. However, comments by those who encountered problems or experienced good results as a consequence of inclusion or omission of activities or factors may appear from time to time. These comments may be expressed as principles agreed on by a number of individuals, groups or associations of any parties to the process. There may also be occasions where specific examples of procedures or applications of principles were developed by one or more municipalities or associations. All are guidelines, rather than rules.

The material contained herein is for information and awareness. It is intended to direct attention to the many considerations that enter into the consulting process in general and that may apply to each engagement in particular so that better results may be achieved.

## 2. Project Overview

The Provincial study was based on the assumptions that

- substantial sums probably would continue to be expended by municipalities in Ontario on consultants' fees,
- problems exist in the use of consultants by municipalities in Ontario,
- solutions exist to many of these problems,
- benefits would accrue to municipalities, consultants and the Province as a result of this study.

The objectives of the study were: first, to examine the use of consultants by municipalities in order to determine the nature and extent of problems and potential practicable solutions; second, to disseminate information that might be useful to municipalities in improving their performance; and, third, to discover actions whereby the Province might assist municipalities in their endeavours.

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To achieve these objectives, information and opinions were solicited from municipal staffs and councils through personal interviews and by a survey that was designed to sample all types of municipalities and the major functions within them. The survey was weighted to obtain more responses from those municipalities likely to have the greatest variety of experience with consultants, but included all sizes, types and geographic locations in the cross-section.

Copies of the survey questionnaire are available, upon request, and might be useful as part of an internal review of practices and procedures in a municipality.

In addition, consultants themselves were approached, both individually and in groups, to determine their opinions of the process as it applied to local government in Ontario and to obtain suggestions for improving the framework so as to define and attain appropriate objectives more effectively.

Finally, information was sought from interested people in the Province and Federal governments, as well as from those with relevant experience in private industry.

The project team was impressed by the amount of interest expressed by people contacted. Almost everyone had strong views on some aspects of the subject, including the basic premise of using a consultant at all. People contacted on a personal basis discussed the matter frankly and appeared to attempt to look at their own experiences as objectively as possible.

Municipal practices have generally evolved from experiment, expediency and experience. A few municipalities have developed standard written procedures covering one or more stages in the process. None appeared to have standard procedures covering the entire process.

Each municipality will need to develop policies and procedures that best suit its own unique environment. However, this should be done with a full awareness of the many elements entering into each stage of the consulting process.

This publication attempts to provide the necessary information and guidance. It is one method generally agreed upon as most likely to be of practical assistance to the greatest number of municipalities, in that it is designed to provide in one place information about the process, experiences of others, successful and unsuccessful methods, checklists of factors affecting the process and its results, plus elements to be considered at each stage of the process.



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### 3. Observations

One of the questions the study attempted to answer was whether there were any distinguishable patterns in the use of consultants by municipalities in Ontario. The answer was simply that some municipalities use them frequently, some rarely, some never. The range of services provided to municipalities was extensive, offering something to virtually every function.

Usage does not depend on size, but rather on such factors as the type of municipal administration, personal skills of staff, public demands, growth pressures, external influences and the preference of council. It is therefore directly related to the environment of the particular municipality.

The study also attempted to determine whether it was possible to ascertain the costs of using consultants by municipalities, by type of project or by totals per annum; and whether there were any correlations between characteristics of municipalities and use of consultants. Few municipal staffs interviewed or responding to the survey reported consultants as a separate item to council or as a separate activity within their accounting system; and few were able to provide exact costs of consultants on an annual basis, although most were able to determine costs by project. It was therefore impossible to answer fully the question originally posed, or to draw meaningful conclusions therefrom. However, costs of using consultants are often substantial, as are costs of implementing recommendations.

The use of alternatives to consultants, such as direct requests to other municipalities for assistance, or to Provincial ministries for advice, varies widely as well. Personal preference or experiences play a large part in determining this, as does lack of information or personal contacts.

There are almost as many ways of dealing with consultants as there are numbers of municipalities. Even within a single municipality there can be marked differences between departments in their overall approach as well as in their handling of various steps in the process. Some of these differences are attributable to the nature of the job itself, some to the client, some to the consultant, and still others to external conditions affecting a particular engagement.

Although no general rules can be formulated, as might be expected larger municipalities tended to develop more formal procedures than did smaller municipalities, which often had no predetermined system to follow.



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There were also functional differences. Public works or roads (the "hard" services) tended to use more organized procedures throughout, possibly due to the nature of the job, the project management techniques that have been developed in the engineering field, and the existence of strong professional associations. The influence of the Provincial and Federal governments appeared to encourage the wider use of more formalized procedures.

There was a general agreement that the two most important aspects of a consulting engagement are the preparation of *adequate terms of reference* and the *selection of a suitable consultant* for the job.

A significant number of responses to the study showed that in a great many cases there was a considerable degree of difficulty in defining the job or in disclosing the reasons supporting the need for consultants. It was felt that this contributed to lack of success in achieving objectives in a manner satisfactory to both parties.

During personal interviews it became evident that many jobs got under way without both parties fully understanding what was involved, and that there was no real communication between parties as the work proceeded. Almost invariably the results were unsatisfactory.

Few respondents reported the existence of procedures to evaluate the completed job, or to discuss it on any formal basis with the consultants. Consultants emphasized the value in obtaining such feedback in order to improve their own performance. Municipal people agreed that this facet of the process was neglected.

It was remarkable, however, to note the number of municipalities that made full payment regardless of the acceptability or otherwise of the job. It was not possible to determine whether this was due to the payment procedures, monitoring processes, absence of a contract, inadequate protection in the contract, unwillingness to create conflict, or other factors.

#### 4. Problems Encountered

One of the first tasks undertaken during the study was that of determining whether there were sufficient problems in municipalities' effective use of consultants to warrant further expenditure of Provincial resources in an attempt to seek practicable solutions.

Here are some of the major problems identified by municipalities and consultants:

- unsatisfactory work
- high costs

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- attainment of wrong objectives
  - shelving results
  - wide variations from original estimates
  - delays in completion of work
  - conflicts between individuals or groups
  - incomplete work
  - unnecessary activities
  - ineffective use of municipal or consultant resources
  - public dissatisfaction with the work or results

These problems and dissatisfactions existed with both municipal and consulting staffs.

Because many activities and problems are interrelated to common basic errors or omissions, attempts to solve one problem may simply create problems elsewhere. Some municipalities have found it necessary to resolve difficulties in a court of law that might not have arisen if precautions had been taken. It is not possible to discuss the many problems encountered in any detail here; suffice it to say that neglect of any aspect of the consulting engagement by either party may have serious consequences.

## 5. Conclusions

One of the most important observations to come out of the study is the conclusion that the major cause of problems in the use of consultants by municipalities in Ontario is the widespread lack of complete understanding of all of the elements necessary for an effective, efficient client-consultant relationship. It further indicated that inappropriate procedures, with the consequent omission of necessary criteria or considerations, were the root cause of many problems, both during the job and in attaining acceptable results.

The study team, through surveys and interviews, attempted to establish causal relationships between certain problems and particular elements in the process. However, such a correlation was not practical, since there were many multiple relationships, and one problem might have had several contributory causes; conversely, one error or omission might have created many problems. This is primarily due to the number of elements that combine to form the entire complex process. Since it is seldom possible to perfect every part of the process, it becomes necessary to make compromises or look for trade-offs, and to ensure that strong points or procedures adequately compensate for perceived weaknesses.

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The guidelines show the process as a whole and explain the various steps of which it is comprised. They indicate areas where trade-offs may be made. If the job can be identified, and an appropriate consultant selected, it becomes a matter of judgement by both the municipal staff and the consultant as to the exact procedures at each stage and the determination of those that will be most acceptable or practicable for a given job. To do this, it is necessary that both parties have a clear understanding of what is involved throughout, and most particularly of what the objectives of a given job are.

The key to understanding is knowledge; a knowledge that is communicated between both parties so that each will understand and do what is necessary to effectively and satisfactorily achieve defined results.

## 6. Steps in the Process

There are a number of steps that must be considered in connection with the utilization of a consultant. Each step may have a number of sub-activities. The main steps commonly occurring are as follows:

1. Determining the need for consulting services.
2. Defining the job to be undertaken.
3. Selecting a suitable consultant.
4. Establishing the framework (time, environment, resources, constraints) in which the job will be done.
5. Negotiating the contract.
6. Carrying out the assignments and meeting the objectives.
7. Evaluating the job.

Although each step is explored in greater detail later in these guidelines, a brief summary follows.

### **1. Determining the Need for Consulting Services**

This step asks the question — why do we need a consultant? While most of this step occurs before the selection process begins, it should be kept in mind throughout the job. At some point in the process it may be found that a consultant would be uneconomical, or even unnecessary.

### **2. Defining the Job to be Undertaken**

This can be a relatively simple, or quite complex, matter and in some cases should not be finalized until the contract is being negotiated. However, at a minimum an initial outline of what the job entails is necessary, supported by specific objectives and information sufficient to enable a consultant to be selected and terms of reference to be prepared in more detail later. With



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some exceptions, it is unlikely that adequate terms of reference can be prepared at the outset.

### **3. Selecting a Suitable Consultant**

This is the single most important step in the process. Many methods exist, ranging from simply awarding the job to an individual, through to elaborate procedures involving committees, requests for proposals, formal submissions, boards and so on. Each municipality creates its own selection process, sets its own policies and establishes its own procedures.

### **4. Establishing the Framework in Which the Job Will be Done**

This step necessitates determining and documenting everything that affects the job and how it is done. It provides a clear understanding of the who, what, when and why of each activity to be undertaken throughout the job.

### **5. Negotiating the Contract**

Formal contracts are generally prepared, although some respondents stated that neither side felt a contract to be necessary. However, contracts protect both parties as well as public funds.

### **6. Carrying Out the Assignments and Meeting the Objectives**

Each party has a role to play and activities to perform. Procedures should be established that will allow for the control and monitoring of each activity. Clear and measurable objectives should be agreed upon prior to commencing any activity, so that it can be readily established how much has been done, and what is left to accomplish.

### **7. Evaluating the Job**

The evaluation step can be most useful for the future benefit of all concerned. Since few engagements run perfectly smoothly, there is usually something to be learned from each.

## II. What is a Consultant?

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A consultant has been defined as "a man with a briefcase fifty miles from home." For the purpose of this study, a consultant was defined as

a person or firm that

- is not a full-time employee of the municipality or board,
- is studying or advising upon a specific area for a fee,
- is to make specific recommendations or opinions at the end of a period.

He may also provide specialist expertise or services that are not available from existing municipal staff, for a fee.

Consultants are available for virtually every function in a municipality. One of their most valuable assets is the ability to bring a wide range of experience and theory to bear on a particular problem. Another skill many consultants have as part of their stock in trade is the ability to draw out knowledge of local conditions from those who have it in a form that can be applied to the work at hand.

A consultant, as a professional and experienced outsider, can be expected to give objective recommendations; his professional reputation rests on their credibility.

Members of consulting firms are trained to work on a profit basis, to meet deadlines and achieve stated objectives efficiently in order to make a profit. It can be expected that good firms will meet stated objectives within defined periods.

The consultant is first and foremost a human being, with such human characteristics as sometimes making errors, reacting to pressures, over or under estimating job complexities, making assumptions or interpretations based on personal experience or background, and having a unique personality that may not be compatible with all clients.

The consulting firm consists of a number of individuals with different qualities, some of whom will be assigned to the project on hand.

### III. Before You Hire a Consultant

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#### 1. Why Do You Need a Consultant?

So you think you need to hire a consultant. Why?

The study examined reasons for hiring a consultant, and while these were many and varied, one reason seemed to stand out — the required expertise was not available within municipal staff.

Other major reasons for engaging consultants were:

- staff loads could not accommodate additional work for extended periods of time
- an objective viewpoint was desired
- the urgency of the project demanded resources not immediately available elsewhere
- a necessity to maintain schedules
- this alternative was more economical than engaging or training additional staff, particularly for non-repetitive assignments
- it was a legislative or regulatory requirement
- on some projects the use of a consultant may assist in obtaining funds from another level of government
- for a sensitive area or subject — this could be for such differing topics as salary increases for councillors or a contentious planning issue
- expected increase of credibility of report.

The value of expertise has been discussed, and that should be the primary reason for considering hiring a consultant. Much of the work consultants were asked to do was because of their expertise and experience. For example, consultants have been used to advise and assist with all stages of a typical project — design, terms of reference, schedules, negotiating contracts, sub-contracts, development, project control, monitoring the work, labour relations, reporting, assessing the results. All of these were because of their professional skills.

Municipalities utilized consultants to augment their own staff resources and relieve an overload situation, either because of insufficient numbers of staff in the required areas, or because the project was extraneous to their regular duties.

The desire for an objective viewpoint is admirable, but the actual need was often questioned.

The study indicates that use of external opinions may sometimes be due to a reluctance either of staff to stand behind their own opinions or of council to support staff recommendations. The study also suggests that some politicians and municipal officials feel that the public finds an external report more acceptable than an internal report. Interestingly enough, indications are that consultants'



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reports seem to support staff recommendations more frequently than they oppose them. However, controversial items may well justify obtaining a visibly objective viewpoint, and this necessitates use of an outside professional — the consultant.

Urgency of need has been stated as a reason to engage a consultant. The effects of inflation will impact on the cost of the consultant and all other expenditures related to a project, as well as on those costs necessary to implement recommendations, when there is undue delay. Therefore it may actually be more economical to engage outside services for immediate results. Another aspect of early reports needed occurs when recommendations deal with further expenditures on implementation.

Situations exist where the use of consultants is mandatory to receiving approval from other levels of government. Fortunately, there are usually funding provisions to assist the municipality to pay for such requirements.

## **2. Alternatives to Using Consultants**

There are a number of courses of action that may be taken rather than engaging consultants, many of which have been utilized successfully by municipalities in Ontario.

Here are some of these alternatives.

### **a. Enlarging or Training Municipal Staff**

While it is not the intent of this report to encourage municipalities to hire staff having expertise in all areas where the use of consultants is contemplated, it is suggested that the municipality should be aware of any long-term gains which could accrue from the availability of skilled staff where a continuing need is anticipated.

### **b. Using Contract Employees**

As an alternative to hiring permanent staff, many municipalities have employed people on a contract basis, either for a specific period of time, or for the undertaking of a specific job.

The main advantages to this type of arrangement are that no continuing staff expenditures are committed and control over time and costs is more readily exercised.

### **c. Acquiring Services from Other Municipalities**

Larger neighbouring municipalities and upper-tier levels of government offer an additional source of expertise which, under certain circumstances, may be available to municipalities.

Payment may be based on either a straight charge for services or, in the case of an upper-tier municipality,

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through its normal levies. The latter alternative appears to be growing in popularity because it provides the lower-tier municipalities with services that they might not be able to afford otherwise. For various reasons the cost is generally considerably less than that of consultants. Users sometimes feel more comfortable with such staff who are familiar with local conditions and have to live with the results of their work.

**d. Utilizing Provincial Resources**

Many ministries have resources that may be available to municipalities on an advisory or other basis.

**e. Using Other Municipalities Experiences**

Those who use the experience of others frequently do so to determine the practicability of a proven approach, to judge the likelihood of its producing similar results, to discover possible problems, or to acquire knowledge about an area of expertise in order to improve their understanding of a consulting project.

**f. Other Alternatives**

Other alternatives could be considered:

- the use of citizens' volunteer groups
- professional institutes and associations
- reference material or studies by other governments that may be available to municipalities
- material published by educational institutions.

Should none of these be an acceptable substitute to the use of consultants, one or more might well prove to be useful to supplement the work of consultants or to assist municipalities in improving the process.

### **3. Making the Most of Municipal Staff**

Prior to the engagement of a consultant, councils and staff should have a clear perception of the work to be done by both the consultant and the staff of the municipality.

The study revealed that significant reduction in the amount of work, and the associated costs, of consultants may be achieved through the effective use of municipal staff.

During the job, appropriate activities should be assigned to each group.

One of the practices becoming more prevalent is the project-team approach, where consulting and municipal staff resources are assigned to work together as members of one team.

The project team approach offers at least three distinct advantages. First, the unique knowledge of municipal staff

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pertaining to their own municipality is applied directly to the project. Second, it provides a practical vehicle for municipal employees to gain a working knowledge of a variety of techniques and experiences. Third, it provides continuity for future development or follow-up in the particular project or in others like it.

Additionally, the team approach gives visible recognition to internal staff's intimate knowledge of the municipality and demonstrates that they are very much part of the project. This not only builds morale and encourages co-operation, but may add significantly to the success of the job and increase practicability of recommendations or results, as well as contribute to their effective implementation.

#### **4. A Realistic Look at the Job: Cost-Benefit Analysis**

It is disconcerting to discover, at the end of a project, that in fact it should not have been initiated. One method of avoiding this embarrassment may be to perform an exercise called a cost-benefit analysis.

A cost-benefit analysis consists of realistically assessing the results that are expected from the proposed project against the expenditure of resources that will be required to attain these results. This comparison should clearly indicate whether or not significant gains can be obtained, or how long a project will take to pay back its costs. Where tangible benefits are not apparent, intangible benefits must be considered in the evaluation. These might include satisfaction of a public demand, protection of persons or property, or determination of appropriate areas to expend resources.

Such an analysis is also helpful where limited funds or other resources necessitate determining which jobs should be undertaken first and which jobs deferred.

#### **5. Preliminary Outline of the Job**

The general consensus of those surveyed was that it is essential that at least a preliminary outline of the job be prepared at the outset by the client group.

Initially it may not be possible to completely define the job, nor may it be necessary or even desirable. Cases were cited where excessive detail so constricted the consultant that such qualities as creativity and process skills were virtually unusable.

In addition, a comprehensive description of the job entails considerable preparation time, particularly for detailed



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interim activities and objectives, some of which could be inappropriate to prejudge at an early stage.

However, even the preliminary outline of the job should give major concrete objectives, providing information on such key elements as what tangible results are expected, when, in what form; some idea of price range; what need gave rise to the project; and what staff or other resources could be available from the municipality.

At this time it may also become apparent that the job is so complex that it needs to be subdivided into manageable stages, or that it requires an additional full-time project manager; or other major considerations may appear.

A preliminary outline has a twofold purpose. It helps the client to organize his knowledge about what he wants from the study and it will be used to provide the consultants with a general idea of what will be expected from them.

There are two schools of thought as to whether or not the preliminary outline should include a reference to the cost of the job. In any event, cost should not play a major part in the selection process unless proposals show significant variations.

# IV. The Client-Consultant Relationship

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## 1. Understanding the Process

Throughout the study, it was evident that many municipalities are not consciously aware of the client-consultant relationships that should exist.

The job consists of activities carried out by individuals in a particular environment. The process entails more than the execution of activities according to a work plan and schedule.

The individuals who will be involved, from the client group and from the consulting firm, are human beings, subject to human reactions and attitudes. Generally it is the consultant who will have to recognize potential personality conflicts that might impact upon the successful completion of the job. The study team also encountered people who had experienced severe difficulties due to the attitudes of certain consultants.

Failure to recognize this as part of the process may lead to problems for each group and could affect the work significantly.

Councillors and senior management should be aware of what facilities will be available to consultants and conversely, the consultants should make their own needs clear.

Probably the most important factor in maintaining good relationships between clients and consultants is a continuing exchange of information, and frank communications, between those concerned. An atmosphere of mutual trust and respect should be generated.

As a corollary, it is vital that any individual involved does not hesitate to ask questions to clarify any points on which he is not completely satisfied or to ensure that both parties mean the same thing at all times. Questions should clearly demonstrate a desire to learn in order to add to the probable success of the job. They may also indicate areas where the person asked needs further information or has perhaps failed to recognize potential misunderstandings.

The consultant must also be aware of who, in the final analysis, his client is, for the personality and attitudes of the client may impact upon the probability of acceptance and implementation of recommendations.

## 2. The Objective of Each Party

The objective of the client, presumably, is to get an acceptable job done effectively and economically.

One of the objectives of the consultant is to make a profit. This will generally coincide with doing an effective and acceptable job. If there is a conflict in the two objectives, problems may well follow.

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### 3. The Responsibilities of Each Party

For example, since the consultant is competing for a job, he may tend to underestimate its complexities and allow insufficient time for comprehensive coverage of all steps. Consequently, there could be cost overruns or less valuable intermediate results. He may have other demands on his resources and compensate by substituting junior personnel, requesting additional time, or in some other manner.

The municipal people may also find other jobs with a higher priority affecting the job on hand, or urgent demands on their resources from normal operations. Thus they have potential problems in attaining their initial objective.

Therefore, both groups should be aware of situations where such conflicts might arise, and should take steps to avoid them.

The client is the boss. Therefore his responsibilities include at least the following:

- he must communicate to the consultant what he wants done in a clear, concise manner
- he must monitor the job to ensure that the work is done according to plan
- he must let the consultant know of areas where he is dissatisfied
- he must ensure that his own organization is aware of the work to be done and that top management visibly supports it
- he must assist the consultant by providing whatever resources are possible, whether these be information, people or services
- he must inform the consultant where resources are lacking
- he must make necessary decisions at critical points without undue delay
- he must let all concerned know how well they did
- he must pay the consultant promptly upon satisfactory performance
- he must level with the consultant.

The consultant has responsibilities too:

- he must make sure he understands what objectives are to be obtained
- he must recognize differences in the municipal environment as opposed to the private sector
- he must ensure that the client is aware of what activities are to be done



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- he must maintain communications with the client
  - he must inform the client what resources he needs to carry out the work and what the impacts will be if these are unavailable, either in terms of work that cannot be done or increased costs
  - he must adhere to the work plan and target dates
  - he must advise the client of critical points for decisions
  - he must level with the client.

# V. Selecting the Right Consultant

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## 1. The Importance of This Step

The choosing of a consultant is the single most important step in the overall process, for it is the foundation for all that will follow. Every effort must be made to match the man to the job. "The man" in this instance, is not solely the consulting firm, but those individuals within it, each with specific skills and personal characteristics, who will be doing your job.

"The job" includes every aspect of the work to be done, as detailed in the next chapter. Initially a comparison should be made of the consulting firms who have submitted proposals, to determine whether one or more has the necessary characteristics to meet the requirements of the job. Since a perfect match is seldom possible, revisions to the original specifications may be necessary in order to select the most qualified firm and still be able to attain acceptable objectives. This process should procure the optimum match.

There are many alternative procedures that are in use and any may be applicable to a particular project. But all have some things in common, and the most successful engagements, in the broadest sense of the phrase, are the result of correct match-ups of people and jobs in a particular environment.

## 2. Where Do You Start?

There are a number of ways to start looking. All of them require that the client group has a reasonable idea of what is to be done. Once the preliminary outline has been prepared, as described in III.5, the type of expert should have been identified.

Those municipalities with knowledgeable staff in the required areas should have no problem. For others, a number of sources for assistance exist. The most practical solution may be to contact people in another municipality that had a similar job to see how they went about it, and what their comments are. Professional and municipal organizations often maintain lists of firms and areas of specialization, as do some Provincial ministries.

A number of municipalities maintain their own records or rosters of consultants. A typical list contains the following type of information:

- firm name, address, telephone number
- local branch, number and types of staff
- specialities or services performed
- year established
- resumés of principals and senior personnel
- staff available for assignment
- outside associates and consultants

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- list of major projects completed, for the municipality and for others
  - current projects under way, including size
  - references
  - evaluation of work done for the municipality
  - comments about methods, techniques, people

Such a roster can be useful as a starting point, and those who use it feel it is worth the trouble to maintain on an up-to-date basis.

The smaller municipality with one-time projects may not require such a system. However, most reputable firms will send their brochures, containing much of the above material, upon request. In fact, if there is a potential job most consultants would be delighted to discuss it on the telephone at no obligation to the inquirer.

The importance of personal contacts with individuals in a number of consulting firms or with people using consultants frequently cannot be overemphasized. They are often excellent sources of information about individuals and jobs, and may provide leads which can be pursued by the client when the need arises. Such contacts are easily maintained on an informal basis. Some of the best of these are consultants who are unavailable for the particular job and therefore might be expected to give unbiased advice.

### 3. The Selection Process — Who Selects?

The first part of the process is the establishment of a policy as to *who* shall make the selection of the consultant. Some of the common policies presently found in municipalities are:

#### a) Selection by Members of Council

This policy places the full responsibility squarely on the shoulders of the municipal council. Often staff input is limited or even non-existent, which results in a measure of dissatisfaction on the part of the municipal staff who will have to work with the consultants and feel that they should have some voice in who is engaged. It has the further disadvantage of increasing council's workload.

#### b) Selection by Senior Staff

This policy recognizes that the senior staff member, or his delegate, will be held responsible for the successful completion of the job, and will be required to work closely with the consulting people throughout the job. Although council retains the right to veto the selection, it is seldom exercised. This method is frequently

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applied to specialist jobs or those not warranting a large amount of council's limited time.

**c) Selection by Committee Reporting to Council**

This policy is often a combination of the previous two. Such a committee generally includes at least one member of council and the department head affected by the project. Other members, such as technical experts, are added as required. It is the vehicle most commonly used when other governments or municipalities are involved in a joint venture. One major advantage is that all interested parties have input to the process.

**d) Selection by Outside Expert**

The selection of a consulting firm by another consultant is occasionally encountered. In this case the outside expert undertakes to review the needs and find one or more consultants who can handle the job satisfactorily. He may make a short list of perhaps three firms and analyze the pros and cons of each. He would also make his personal recommendation, although the final choice remains that of council.

Under this approach, it must be recognized that one of the other methods must be used to engage the outside expert, who is then the consultant for a job whose objective is to engage consultants for the main job.

The policy that best suits a given municipality or job must be determined in consideration of whether the nature and variety of the jobs can be covered by one system or necessitates more than one of the above alternatives.

A number of municipalities in Ontario seem to be following an adapted version of the selection policy used by Wichita, Kansas, which is based on the following factors:

**Class A** — Services over a predetermined amount where there is wide public interest, in which case the council is heavily involved in the selection process

**Class B** — Services where the fee is over a set amount but where there is not a wide public interest, which relies on a selection committee with approval to come from council

**Class C** — Services where the amount is less than a specified limit, which is within the jurisdiction of the city manager or his equivalent.

These classifications and types of selection authorities may not be the most suitable for a particular municipality. However, the approach itself deserves consideration.



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## 4. The Selection Process – Procedures

After establishing a policy on *who* shall select a consultant, it is then necessary to decide upon appropriate procedures for the selection, the *how* of the selection process. The following procedures are those that appear to be most widely used by municipalities in Ontario:

### a) Single Interview Selection

Under this procedure, the consulting firm that seems most suitable to the project is invited to bring the people who will be doing the job and discuss the project with the municipal people. If a mutually acceptable agreement is not reached, the client approaches the second most suitable firm, if any, and the procedure is repeated.

This is a very simple system that has been used with varying degrees of success by a number of municipalities. It is found to be most successful in those circumstances where the undertaking is limited in size or scope and does not warrant more elaborate procedures or where there are few specialist firms available.

### b) Select List

This is one of the most common procedures used by municipalities. Under this procedure, the selection committee screens a list of consultants who might be considered for the project. This procedure results in narrowing the choice to a limited number of consultants who may meet the requirements of the job. Those consultants are invited (usually by a letter that includes the preliminary outline of the job) to express an interest in the job. In some cases complete specifications or detailed terms of reference may be included in the invitation.

Those consultants expressing an interest in the proposed project are invited to attend a preliminary meeting on the subject with the selection committee. The meeting may be held with consultants individually or as a group. Group meetings may assist in defining the job more clearly, and also provide an opportunity to observe the interactions between consultants. Further informal discussions generally ensue with individuals in consulting firms following this preliminary meeting.

As a result of the preliminary meeting a few consultants (usually no more than four) are asked to submit a detailed proposal, either following the meeting or after preparation of detailed terms of reference. Sufficient time should be allowed for at least preliminary research and adequate thinking about the job by these consultants that would be reflected in their proposals. This is

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particularly important in complex jobs and in “soft” areas.

Following a review of the proposals and checking of references, the selection committee invites each candidate to a meeting where in-depth discussions are held to determine the suitability of the consulting firm to the job. At this meeting the consultants are invited to make a presentation, which should include such information as to who will be working on the project, what resources or facilities the municipality will need to supply, reporting and monitoring requirements, performance measurements and all those other specific matters that will be finalized in detailed terms of reference and a contract. The firm should be prepared to disclose and support its selection of personnel and estimated time requirements.

Those consultant personnel who will be heavily involved on the job should be interviewed personally to determine their suitability and experience. This may be done during the presentation or at a subsequent meeting.

A recommendation is then made to council by the selection committee. Both successful and unsuccessful consultants should be notified of the results of the competition or selection process.

### **c) General Proposal**

The general-proposal system is similar to the invitations to a select-list system described above, except that the job is open to bids by any interested firm. The usual method is to publish a request for proposal. All those interested may request a copy of the specifications of the job.

The screening process used follows the procedures previously discussed. The main difference is that there is no preliminary screening.

These procedures are used more often in public works or engineering types of projects than for other jobs where specifications are less precise and harder to define.

### **d) Payment for Proposals**

This method is most commonly used where emphasis is on design creativity.

The procedures consist of either public competition or selected invitations to suitable firms requesting ideas for a building or a project design. A short list is prepared, and requests made for detailed proposals, for which a set fee covering time and materials is paid.

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These procedures encourage both well-established and new firms to participate in the competition. The client usually gets good value for his money because the short-listed firms know they are competing for a serious job with a client prepared to invest sufficient money at an early stage.

It has been suggested that the practice should be encouraged in such "soft" areas as planning, where there is a desire for creativity and fresh ideas, or where a project is not necessarily completely defined initially.

## 5. Preliminary Outline of the Job

It is essential that the municipality prepare a broad outline of the job to be undertaken. The information contained should give sufficient understanding of the job to enable consulting firms to determine whether they are capable of, and interested in, doing it.

The outline should contain reference to any time and budget constraints as well as what resources, material, and manpower the municipality is prepared to commit to the job.

It should further state that each member of the firm will be interviewed as to experience, qualifications and other project commitments prior to awarding the contract. This will increase the chances of getting the best man for the job.

## 6. Evaluation Criteria and Rating Systems

The study indicated that, while a number of larger municipalities used a formal rating system to compare consulting firms, it was not a common practice in the majority of municipalities in Ontario.

The purpose of such a system is to provide the selection committee with a common basis for the comparison of consulting firms and the evaluation of their proposals. It should do so in a manner that is equitable, clearly understood, and open to scrutiny of interested parties, including members of the general public.

Such a system requires the establishment of criteria, things that are important to consider about the consulting firm in relationship to the job. It is further necessary to agree upon a system of rating, whether this be on the "unacceptable-poor-acceptable-good-excellent" basis or some numerical equivalent.

Since each criterion is unlikely to be of equal importance, it is desirable to assign a "weighting factor" which measures the relative importance each will probably have in the successful performance of the job, or which takes into consideration council policies and preferences. The



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weighting and ratings are combined numerically in order to compare firms and determine which most closely matches the requirements of the job.

Criteria that will be compared will vary depending upon the purpose of the evaluation. During the initial screening process, when the selection committee is attempting to determine those firms that should be approached initially, the criteria to be used might include the following:

- experience with this type of work — what experience does the firm have in the field and in this particular type of work?
- experience with this municipality — how well did they perform here?
- specialities and experience of personnel — even the best firm may not have the necessary experts on staff
- reputation of the firm — this refers to stability, their track record in handling jobs with municipalities of similar size, and what have they got to lose
- reputation of individuals within the firm — it is essential to know about the people who would be acceptable or unacceptable on this job
- work the firm has done for other municipalities — knowledge of how municipalities work may be an important factor; also for reference
- satisfaction with previous results — it is useful to find out how well objectives have been achieved
- problems and benefits experienced by clients — it may be important to know potential areas of strengths and weakness in performance
- characteristics necessary to qualify for external funding or support — there may be conditions which a firm must meet in order to obtain financial support of certain kinds
- whether a branch office is maintained locally — this, and the size of the office, could be reflected in a knowledge of local conditions, or in recognition of the importance of this municipality to the firm
- location of head office — this could be important if the head office exercises control over the branch office or if senior people are inaccessible
- distance specialists will travel to the job — this is related to the availability of personnel locally, which could affect time for the project and travelling expenses that must be covered.

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As the job becomes better defined, and more comprehensive, detailed proposals are submitted, additional criteria for comparison can be established, such as:

- quality of the proposal — since the proposal is the prime instrument to get the job, it is unlikely that any future work will be of higher quality
- understanding of the job — the proposal should show whether the firm really knows what is wanted for this municipality
- qualifications and experience of those who will be actually doing the job — it is vital to evaluate this, because these are the people being hired
- personal characteristics of those who will be assigned to the job — if dealing with municipal people plays a major part in the project it is necessary to assess the results
- technical backup — additional resources should be available for the job as required
- design of the project — the approach taken should be supportable and conducive to attainment of desired results
- availability of required personnel locally — it is necessary to know how much local knowledge will have to be explained to the people on the job, and what working schedules might be expected
- availability of senior people — if a decision must be made, the person who must make it should be accessible
- personality and attitude — an assessment should be made of how well the consulting people will relate to the client and his staff, and what affect this will have on the job
- ability to deal with the public — some jobs require public meetings or public participation; if so, the individuals working on these activities should have characteristics (personality, techniques) that will attain the desired effects
- adequacy of terms of reference — if the consultant was to prepare his concepts of terms of reference, they should be evaluated for applicability and completeness
- fee structure — it is necessary to know the type of fee structure the consultant proposes, how changes are determined and whether they can be monitored or controlled
- costs and extras — the amount of potential variance to estimated fees should be determined and rated

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- ownership of materials and documents — this could be a factor in certain jobs and, if so, should be weighted and rated
  - decision points and ability to cancel — the proposal should indicate where major decision points exist, and should where necessary allow for the project to stop
  - acceptability of proposal — the overall suitability of the proposal should be evaluated.

It is particularly important to evaluate the proposal itself, since this key document can give a strong indication of the quality of any reports that may be expected from the consultant.

Having determined those criteria that are most appropriate, each member of the selection committee, using his own judgement, can apply the rating and weighting system to each of the competing firms.

By comparing the overall totals, each member of the committee should be able to determine the firm or firms that most closely match the job requirements. Since more than one firm may be qualified, it may be necessary to compare their ratings on key criteria.

Some selection committees have found it useful to establish a minimum score that must be attained before a consultant can be considered. If no firms meet this minimum, the job as *defined* cannot be undertaken.

Should this occur, there are many alternative courses of action available. Some relate to the job itself, such as redefining it, postponing it or even dropping it altogether. Other actions might be taken in connection with reviewing the criteria or scoring, or even the composition of the selection committee. Still other actions relate to the consultants, such as discussing the problem with the consultant(s) closest to attaining an acceptable score, or re-opening the competition and extending it to a wider field.

## 7. Notification of Results

Many clients and consultants advocate a policy of informing each candidate of the basis for the selection or rejection of his proposal.

The selection procedures and key factors should be capable of inspection by any interested party and, if well conceived, will demonstrably support the successful candidate.



# VI. Terms of Reference

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## 1.What Are Terms of Reference?

Terms of reference are a detailed description in writing of the job to be undertaken.

They define objectives, state methodology, give parameters, define the environment, and provide details on rights and responsibilities of those involved, together with terms and conditions of the engagement.

Final terms of reference should form part of the formal contract, either within the body of the document or as an appendix. They are invaluable wherever clear information is required, whether for those unfamiliar with the job, or in cases of dispute.

## 2.Importance

Municipalities and consultants interviewed during the survey indicated that much of the success or failure of a job could be attributed directly to the adequacy or inadequacy of the terms of reference.

Good terms of reference will not guarantee a good job, but they will go a long way to ensuring that each party performs to its maximum capability.

Even the most experienced consultant and municipality need terms of reference. The lesser the experience and knowledge of the parties involved, the greater the amount of detailed descriptions that will be necessary to include in the terms of reference. This will also be the case where the client and consultant have not worked together before.

Jobs that involve large numbers of people or are more complex require more detailed terms than do those smaller in size or scope. The terms of reference become a valuable document for communications between those involved, by providing clear and comprehensive information about the job to those who must do it.

It is generally agreed that the time spent in preparing clear and concise terms of reference results in significant increases in effectiveness and productivity throughout the job by promoting understanding and reducing misinterpretation or disagreement.

## 3.Preparation

Terms of reference: Who prepares them, and when?

The first question normally depends upon the complexity of the project and will often dictate the answer to the second question.

The preliminary outline is the basis for the initial terms of reference. In many cases, these are prepared in detail by the staff of the municipality, but outside assistance may be sought from a number of sources discussed elsewhere in

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this guide: other municipalities, Provincial staff, associations, institutions and consultants.

In preparing the initial terms of reference there will be areas where information is missing, such as specific methods to be used and work schedules, including target dates. Some areas will be subject to negotiation or modification, and will be resolved during discussions with consultants or other interested parties.

The study revealed that, as projects increase in complexity, size and scope, or with greater numbers of interested or affected groups, there appears to be a trend towards the establishment of a committee, called a Technical Committee, or other similar term. Such a committee generally has representation from all major participating groups, and often has as its first assignment the preparation of initial terms of reference.

Initial terms of reference should be available prior to the first meeting with consultants. Those consultants who are invited to submit proposals may also be asked to include their concept of acceptable terms of reference, which would include estimated resource requirements and target dates. When this procedure is followed, it must be made clear to the consultants what portions of the initial terms of reference may be modified.

In certain cases the consultant is required to prepare detailed terms of reference using the preliminary outline of the job plus information gained in discussions and his own conception of the job as obtained through the interview stage or other sources.

Regardless of who actually prepares terms of reference, a number of respondents suggest that both those who must make a decision as to the objectives and those who will be working on the project should have the opportunity to review and comment upon them prior to finalization.

The terms of reference must be finalized prior to the completion of negotiations and agreed to in writing by all parties, preferably as part of the formal contract.

## 4. Contents — Objectives

Objectives are statements of what is to be achieved in terms that are measurable. These measurements may be in units of time, dollars, or specific products obtained; often all three are used.

The first matter to be covered by the terms of reference is the objectives of the job. Objectives must be defined in concrete and measurable terms, and in words that minimize the possibility of misinterpretation. The study showed that neglect of this point was one of the prime causes of unsatisfactory jobs, even by those who might be

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considered proficient in dealing with consultants.

This matter of clear, measurable objectives is for the protection of all parties. It is essential that the client, the consultant, and other interested parties be able to understand exactly what was required, and whether or not the requirement was met. The more specific the client makes statements of objectives, the easier it will be to measure achievement. Statements should be clear and understandable. If time periods are to be included, they should be stated. If a report is required, the type and numbers of copies should be defined, and it should be stated whether a presentation is necessary.

Where a job has more than one objective, these should be assigned primary and secondary priorities. A long or complex job may require the establishment of sub-objectives. Each one should be stated in such a manner that it can be measured and controlled.

Some objectives may be conditional upon the satisfactory completion of a prior objective or sub-objective. If so, this should be clearly stated and the alternatives defined. For example, a project handled in stages may contain the options to cancel or defer at certain points; the terms and conditions to exercise such options must be described.

Some projects lend themselves more readily to measurable objectives than others. The client should be aware, however, that if he cannot define an objective in measurable terms, the consultant is less likely to understand what is wanted, and the chances of success are reduced.

## 5. Contents — Activities

The activities are those steps necessary to attain the stated objective or sub-objective. They are frequently summarized in what is referred to as a "Work Plan" which identifies each activity, together with the persons who will do it, as well as the scheduled start and finish dates.

The work plan is supported by descriptive material in sufficient detail to avoid misinterpretation and to allow control of the activity.

For example, the consultant firm generally prepares an internal budget covering anticipated individuals and times for the involvement of each. The client should review this budget and ensure he is aware of *who* he is getting, when, and for how long. He should retain a copy, or summary, for control purposes and incorporate time and personnel resource estimates into the overall work plan.

Staffs of the consultant and client groups should be given the opportunity to review and comment upon the work plan prior to finalization, in order that all will clearly understand exactly what each is required to do.

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The timing of activities should be discussed by all concerned, because of other normal operations in the municipality and other projects for the consultant. It is important that both senior and junior staff fully comprehend their involvement in the project and where their priorities will be. It is vital that any work plan include realistic periods for such matters as council approval. Note also such external influences as elections.

## 6. Contents — Roles, Rights, Responsibilities

Both parties must understand their respective roles, rights and responsibilities.

Terms of reference should contain major decisions that have been arrived at during discussions between the client and the consultant, and clearly define what is expected of each.

While each job will be different, some matters common to most are:

- facilities to be provided
- data available
- limitations on contacts with staff
- authority for decisions
- use, timing and nature of progress reports
- access of each party to “working papers” of the other
- ownership of information and material gathered or prepared during the course of a study
- procedures in case of dispute
- consultant's role in dealing with the public, other municipalities and other levels of government
- format, quantity and distribution of final product

Where more than two parties are involved, such as joint ventures by either more than one municipality or by more than one level of government, or where more than one consulting firm is involved, additional matters must be clarified:

- who is the client
- who is the senior consultant
- how are disputes to be settled
- what procedures for reporting and approval are required

Since large projects may be divided into separate stages, conditions and roles may differ for each; similarly groups of activities may have varying conditions. All of these must be defined.

## 7. Contents — Paying for the Job

The basis for payment can be whatever both parties agree upon. Clarification of this matter serves to prevent future conflicts or disputes.

When establishing the basis for payment, the following



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matters should be considered:

- the use of separate cost estimates for each stage of the job
- the basis of pricing — per diem rates, overhead rates, cost multipliers, materials, travel expense, fee for completion of an objective should be spelled out and explained in detail
- basis of billing — times and manner in which invoices are to be submitted and paid
- invoices and supporting documents — details and evidence for such items as “extras” and expenses, including definition of permissible items
- cost limitations — the phrase “drop-dead figure” has been used in this context, and means an upper limit beyond which no payment will be considered under any circumstances
- holdbacks, penalties or incentives — there are many variations possible and if to be included must be specific
- advances and progress payments — if these are deemed advisable the manner and method must be detailed
- cost variations — describe conditions where changes to original estimates may be accepted
- authorizations — delegations of authority within the municipality to approve payment

This area becomes more complex when additional parties are involved. Other municipalities, other levels of government, other consultants may all be responsible for, or entitled to, a portion of payment. All aspects of such matters, and all bases for allocating payment, must be clearly defined.

A number of municipalities and consultants prefer to cover this matter in the contract, rather than in the terms of reference, and this seems to be a matter of choice. However, it is essential to cover this topic by a written agreement.

## 8. Changing the Terms of Reference

The terms of reference must contain a section that sets out the terms and conditions under which *any* modification to the job can be made.

A complete analysis of the effect of proposed changes must be submitted and agreed upon by both parties. This procedure will have significant advantages in terms of protection to both the consultant and the client municipality.

Authorized changes become an appendix to the original terms of reference.

## VII. The Contract

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### 1. The Importance of the Contract

The contract provides a measure of protection for both the consultant and the municipality, legally stating what has been agreed to by each.

The contract clearly defines those who are party to the agreement, who pays for the work and on what conditions. The contract states the rights and responsibilities of those who are party to the agreement, the terms and conditions of the agreement, its duration, and such other matters as are defined in the document. Frequently the contract refers to the terms of reference which then become part of the contract.

All matters that any of those party to an agreement (and there may be more than one client and more than one consultant firm) feel should be dealt with and protected, must be either contained directly in the contract or in such attachments as the terms of reference.

Because the final power of the contract is demonstrable only in a court of law, except where its interpretation may affect out-of-court settlements, its contents should be reviewed in terms of meaning in law and enforceability under law. Therefore it is imperative that professional advice be sought either to draft the original document, or to prepare a contract from draft information.

In many instances, a consultant will make available a copy of his standard contract. This contract should not be accepted blindly, but should be reviewed by legal counsel of the municipality, and modified if inappropriate. If unacceptable, the municipality may have counsel prepare its own contract.

## VIII. Controlling the Job

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### 1. Can the Job be Controlled?

According to most municipalities and consultants, in order to control the job it is necessary to assign someone to it and to ensure that he is given the necessary time and authority to carry out his responsibility.

If the "Project Team" approach is used, a senior member of this group is designated as Project Manager, or a similar title, and is responsible for the co-ordination of the client's work force, together with reporting to council.

Control is facilitated where a job is divided into a number of stages, each of which has a defined set of activities and can be evaluated. In some cases each stage requires approval prior to commencing the next.

For extremely complex projects, some municipalities have found it necessary to engage a project-management consultant whose job is to protect the interest of the client and co-ordinate all aspects of the project to ensure its objectives are attained on schedule.

Whoever is responsible for controlling or monitoring the project should assess which areas are in fact possible to control, as well as where the only monitoring practicable is the accomplishment of an objective or sub-objective. Well written terms of reference assist him in this evaluation.

The project manager will have his counterpart in the consulting firm. Where a consortium or group of consultants is involved, one firm must be given responsibility for the project. Similarly if a third party is involved, a responsible contact officer must be designated.

The major tool for project management is the terms of reference, especially the work plan which incorporates the consultant's time and personnel budget. The project manager requires a copy of these documents, while those responsible for carrying out specific activities must be aware of their portions of the work plan in detail.

### 2. Monitoring Progress

The study indicated that a number of municipalities failed to implement any procedures for continuously monitoring progress of the job. In these instances municipalities simply reported on the attainment of a specific objective or partial objective and accepted any and all delays as they occurred. However, it is essential that the project manager and, where necessary, council be aware where major problems are occurring that will affect the attainment of objectives, in order that corrective action may be taken.

Most jobs can be divided into a series of activities that are performed during planned periods. Each has a scheduled end date. The progress of each towards completion is capable of being monitored.

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Monitoring could consist of a series of regular meetings, formal or informal, with consultants and staff resources; or it could take the form of written reports of the project manager or equivalent.

There are a number of techniques that can be utilized in such meetings or reports. One of them is the comparison of the work plan to actual performance. Another is the use of a network diagram or similar device to indicate the relationship of groups of activities and what activities must be complete before others can start. From this can be calculated, if necessary, where there is slack time (where an activity can be delayed without affecting the target date) and also which is the critical path where there are no slack times and no delays are possible without affecting the target date. The earlier that potential delays can be identified, the greater becomes the possibility of corrective action.

The techniques of preparing and utilizing these and other tools and methods are available in many professional or educational institutions and in a number of publications. Many consultants also use them as a means of monitoring progress.

When there is deviation from schedule, it is up to the project manager to assess its impact upon the objectives of the project and to take corrective action where necessary, if he has been given sufficient authority to do so. Review of the terms of reference will assist him in determining the seriousness of any problem.

### 3. Controlling Costs

If costs are to be controlled effectively, a system of record keeping in conjunction with a formal approval procedure for expenditures must be devised and in place prior to commencing the project.

Indications from the study are that there are certain areas where sufficient gains may accrue to justify the cost of instituting a control system over and above normal accounting procedures.

Activities priced on a per diem basis, estimated significant charges for material, anticipated substantial travel expenses, or probable numerous "extras", might warrant the use of such a control system.

Effective operation of this system would necessarily require close liaison with the project manager or senior officer responsible for the project.

One of the most effective ways to control costs is to virtually prohibit changes to the terms of reference except under exceptional circumstances, and with full discussion of, and written agreement to, cost implications.



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#### 4. Monitoring Changes to the Work Plan

The impact of any proposed change should be fully documented and understood, including impact on target dates, costs, resource requirements, and attainment of the stated objectives.

The terms of reference may contain provisions for simplified procedures to facilitate the implementation of "minor" changes, as defined. The project manager would include such changes in his progress reports.

All changes or modification should be incorporated into the work plan and clearly identified.

## IX. Project Costing and Payment

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An adequate accounting and reporting system is necessary prior to the payment of consultants' bills.

A member of staff, preferably from the project team or a representative of the treasury function, should be responsible for the recording and accumulation of costs incurred on the job.

All invoices should be routed through the project manager to ensure propriety of charges. If a project costing system is used which is separate from the normal accounting system of the municipality, a crosswalk between them is necessary for control and audit purposes.

## X. Evaluating the Job

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### 1. Why Evaluate?

No job is perfect.

No performance is incapable of improvement.

All aspects of a job, commencing with the definition of a need for the job and ending with the implementation or deferment of final results, are capable of being evaluated.

Such an evaluation presents a method whereby the client group, and to some extent the consultants, have information that can assist them in operating more effectively in the future.

Of particular importance is the examination of actions taken on recommendations. Causes for rejection or deferment may provide clues for future actions in such areas as defining the job, client-consultant relationships, presentation of recommendations, timing (which may be critical) or in determining whether the objectives are, in fact, really wanted by the client.

### 2. Evaluation Procedures

It is generally agreed that a policy of evaluating all jobs is desirable. Since a full evaluation is time-consuming, decisions should be made at the outset covering the scope of the evaluation, whether it is to be ongoing or only done at the end, and any other relevant matters.

Each type of job undertaken may require the development of different forms of evaluation procedures. Some evaluation can be made on a continuing basis, using progress and status reports of which copies should be retained on a project file. Such reports are particularly valuable at a later date when considering how well schedules were maintained and in evaluating the performance of consulting and client staffs in estimating requirements, assessing the impact of changes, and problem solving.

The causes of problems should be identified where possible, although these are frequently difficult to pin down and may be a combination of factors. Defects in procedures or terms of reference, as well as specific (possibly unique) problems together with the effectiveness of actions taken to solve them, could be analyzed to determine where improvement can be made, or for future application to similar situations.

Objectives should be reviewed from all aspects including practicability, attainability, measurability and changeability.

The effectiveness of methods of defining the original need for the job, selecting a consultant, preparing terms of reference, monitoring progress and controlling the costs may be evaluated as well.

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The evaluation should be capable of answering all of those questions that were considered at the beginning of the process, and at each step along the way. The evaluation should result from discussions with those responsible for each aspect of the job. The evaluation is not intended to be a criticism or complaint, but rather is intended to provide documented analyses of effectiveness of procedures and performance in achieving the purpose of each step.



## XI. Where to Go For Assistance

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Municipal staffs and councils who are inexperienced with a particular type of consulting engagement, or who feel that advice or examples of specific methods of handling certain aspects of the process would be helpful, have a number of sources of assistance.

### a) Personal Contacts

There is no substitute for personal experience, and those who are in the field as clients or consultants should be the most knowledgeable of how things work in practice. Thus it behooves those lacking first-hand practical experience to develop their own personal contacts, or those of others on the staff, to obtain information or advice on an informal basis.

### b) Other Municipalities

One of the best sources of information and assistance is another municipality that has a record of successful jobs. However, care should be taken to ensure that circumstances are comparable prior to adopting another municipality's policies and procedures without modification.

Other municipalities are excellent sources of references as to the "track record" of consulting firms or individuals within them. It is advisable to check not only the good jobs, but those less successful, in order to determine whether there are preventive measures to be taken. Unfavourable comments do not necessarily preclude the consultant from the present job, but could indicate areas to be explored during the selection interviews.

Other municipalities are also a source of information and material that could be used to save consultants' time on the job and therefore permit more effective use of their services, with the subsequent reduction of costs.

Staffs of other municipalities, particularly upper-tier municipalities, may be available for advice or more formal assistance, gratis or for a fee.

There are far too many possible means in which other municipalities can help to list here. The important point is to check with others first.

### c) Professional Institutes and Associations

Groups of professionals with common interests are useful sources of information and assistance. These could be professional groups, such as those governing the conduct of engineers, accountants and so on; or they could be municipal associations such as those for municipal administrators, clerks, treasurers, or other

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municipal functions. Many of these maintain lists of consultants and their specialities, some have records of jobs done, others have publications or brochures to assist prospective clients in selecting a consultant. All of them have an interest in ensuring that municipal clients are satisfied with work done and in helping both parties reach a satisfactory conclusion to their efforts.

Some of these associations also have educational programs or facilities for assisting client staffs to become more familiar with management tools and techniques as applied to their specialist area. These may well be worth exploring.

**d) Academic and Public Institutes**

These are an excellent source of reference material and information about specialist areas, or particular types of jobs. Many studies or reports are available free or for a fee. Other publications deal with project management techniques, analysis and so on. Additionally there are numerous courses available for developing technical or interpersonal skills, most of which are open to the public.

**e) Other Levels of Government**

Many Federal and Provincial ministries and agencies have information and material similar to the above. A number of them maintain staffs who are available for advice and assistance in respect to the consulting process in general or in regard to those municipal functions that have a provincial or federal counterpart. The Local Government Division of the Ministry of Treasury, Economics and Intergovernmental Affairs has people able to assist with both general procedures and such specialist jobs as financial management studies.

**f) Own Staffs**

Some specialist staffs within municipalities may not be aware of expertise in dealing with consultants that is present in their own municipalities, particularly where there are no written procedures or where communications between departments is not highly developed. Senior management of municipalities should encourage suggestions and contributions from junior members of staff, and information concerning consulting engagements should be circulated regularly.

Additionally, training programs either “in house” or externally, together with staff participation on a team basis with consultants, will increase the understanding and skills of municipal staffs to conduct future jobs more economically by using consultants effectively for particular areas of expertise.

## XII. Application of the Guidelines

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### 1. How to Use This Publication

This publication has briefly covered a number of the concepts and principles that have been found to exist in municipalities in Ontario. It provides an introduction to a number of procedures and alternatives that have worked well in practice, indicates those areas requiring particular attention and delineates a number of elements to consider at various stages in the process of acquiring the services of a consultant and obtaining satisfactory results.

Each municipality in Ontario is a unique combination of physical, geographical, economic and personal factors. The needs and desires of the inhabitants differ, as do the composition of council and staff who direct the allocation of resources to meet these needs. Therefore, each municipality must determine the detailed procedures most appropriate for its own circumstances.

However, detailed procedures should not be established without considering the entire process. This publication should provide those involved with a general framework in which they may determine detailed methods of operation. It is essential to review the whole process prior to utilizing any part of the guidelines, in order to assess its relevance to a particular situation and to other elements in the job.

When policies and procedures are established, it is best to ensure that they are in writing and clearly understandable to all who must use them. As those involved gain more experience, particularly if the evaluation process is followed, the procedures may be modified to reflect methods or policy decisions designed to improve performance of all concerned. It is further necessary to review and modify policies and procedures in the light of changing municipal environments.

The application of these guidelines to a particular municipality or job may present difficulties in a number of cases. The previous chapter gave a number of types of sources of assistance. For assistance in finding the most suitable resource, or for further details on some of the specific procedures, techniques or criteria discussed in these guidelines, it may be useful to contact one of the Regional Offices or the Advisory Services Branch of the Local Government Division of the Ministry of Treasury, Economics and Intergovernmental Affairs.

Advisory Services Branch,  
56 Wellesley Street West,  
6th Floor,  
TORONTO, Ontario,  
M7A 1Y7

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Central Ontario Regional Office,  
47 Sheppard Avenue East,  
2nd Floor,  
WILLOWDALE, Ontario,  
M2M 5X5

Eastern Ontario Regional Office,  
244 Rideau Street,  
OTTAWA, Ontario,  
K1N 5Y3

Northeastern Ontario Regional Office,  
1349 Lasalle Boulevard,  
SUDBURY, Ontario,  
P3A 1Z2

Northwestern Ontario Regional Office,  
435 James Street South,  
P.O. Box 5000,  
THUNDER BAY, Ontario

Southwestern Ontario Regional Office,  
495 Richmond Street,  
LONDON, Ontario,  
N6A 5A9

Information as to the successes or difficulties in applying these guidelines would be welcomed by the Advisory Services Branch. Municipal people who have developed their own practical policies and procedures are also invited to share them through their own contacts or the Ministry.









